

**STATE CONTROLLER'S OFFICE
PERSONNEL/PAYROLL REVIEW COMMITTEE NOTES
JANUARY 2006**

Date: February 9, 2006

To: All Civil Service/Exempt Departments

From: State Controller's Office
Pam Keegan, Manager
Cynthia Rounds, Manager
Personnel/Payroll Operations
(916) 323-2539/324-6290

Re: PERSONNEL/PAYROLL REVIEW COMMITTEE NOTES

This recaps the January 12, 2006 Personnel/Payroll Committee (PPRC) Meeting and provides information for the March 9, 2006 meeting.

We would like to thank those department representatives that participated in the January meeting for their time and effort. There were 34 representatives from 25 departments that participated in this meeting.

Personnel/Payroll Review Committee
January 12, 2006 Meeting Notes

Pam Keegan called the meeting to order at 1:30.

Departments Represented:

Air Resources Board, Board of Equalization, California Integrated Waste Management, California Highway Patrol, California State Library, CalPERS, Consumer Affairs, Corporations, Developmental Services, Employment Development Department, Environmental Health Hazard, Financial Institutions, Food and Ag, Forestry and Fire Protection, Franchise Tax Board, General Services, Health Services, Mental Health, Personnel Administration, State Controllers Office, Statewide Office of Health Planning, Transportation, Veteran Affairs, and Water Resources.

Old Business:

None

New Business:

Agenda Items
Distribute Handout Materials
Approve Prior Meeting Notes
Guest Speakers
SCO Update
Department Issues/Concerns
Confirm Next Meeting Agenda, Time and Place

**STATE CONTROLLER'S OFFICE
PERSONNEL/PAYROLL REVIEW COMMITTEE NOTES
JANUARY 2006**

Discussion:

Approved November 2005 meeting notes.

Guest Speaker:

Cheryl Salvador, CalPERS Actuarial & Employer Service Branch, provided information on Employer Education Workshops, changes for Retired Annuitants and Disability Retirement status. Specifically, Circular Letter 200-266-05 provides schedules and registration sheets for the CalPERS Employer Education workshops, which will now be held in all the CalPERS regional offices, plus in the city of Redding.

Circular Letter 200-265-05 provides information on a significant change in the way retired annuitant's hours are tracked. The change is from tracking by **calendar year** to tracking by **fiscal year**. See also in this letter a one-time allotment of 960 hours for the last half of the current fiscal year.

Members now have the ability to monitor the status of their Disability & Industrial Disability Retirement status. They can follow the links on the CalPERS website, and a Personal Identification Number (PIN) is necessary to verify their status while maintaining their confidential information. The employer is not able to view this status as yet due to outstanding confidentiality issues.

Dave Edwards, Manager SCO's Customer Support Section, addressed the following: The new Personnel Action Manuals (PAM) were sent this week. If you have not received your single agency copy by the end of next week, contact Terri Yarbrough at (916) 322-1245. Remember this was a one-time opportunity. The last time we reproduced the PAM was in 1993. Please make necessary copies for your staff.

My area has taken on a new project that will give you the ability to track intermittent hours on CLAS. The entire project is projected to take 8-9 months for completion. The tracking will be based on information you key into CLAS and will track things like maximum hours worked, MSA's and other items.

The Needs Assessment Process letters went out today. Responses are due back to Scott Fong between 2-1-06 and 2-6-06. We received 1549 requests for training in 2005 and were able to satisfy 908 of those. The needs assessment and enrollment process drew several comments and suggestions on our recently completed Customer Satisfaction Survey. We will be looking at the comments/suggestions and trying to do what we can to improve our service levels.

If we were able to use a larger training room at our 33rd and C street building, would you be willing to travel to that location for your statewide training classes? There is free parking at that building. The consensus of those in attendance was that they would have no problem in going to 33rd and C streets for training.

**STATE CONTROLLER'S OFFICE
PERSONNEL/PAYROLL REVIEW COMMITTEE NOTES
JANUARY 2006**

Send in your needs assessments as soon as possible and be sure to verify that your staff meets the pre-requisite qualifications for the class. Our trainers feel it is vital that the staff in training are at the appropriate level for the class.

We have completed and put into service our Statewide Training page on the SCO website. You will find our page at <http://www.sco.ca.gov/ppsd/stwidetrain/index.shtml>

Management Information Retrieval System (MIRS) users will now receive a Needs Assessment every other month. They should return the needs assessment using email or FAX requesting intermediate and refresher classes. We have noticed that users are trained in basics but never return for the advanced classes.

Question: Why are we limited to a small number of MIRS users?

Answer: Most departments do not need more than 4 MIRS users some only have 1 or 2 otherwise it raises their DTS (Teale) charges. We do have departments that have more than 4 users; however, they all use it for different functions in Personnel. MIRS is an ADHOC reporting system and only users who have a need to know the data are selected. We believe that if we bring on too many users, we may need to increase our MIRS costs as we would need more consultants to help the increased number of users. It is also a Security Violation if a user profile is built and then the user does not use it. If it is unused it will be deleted for non-use.

The Statewide Training Section reached a new record in the number of requests for training this year. As mentioned above, we received 1549 requests for training and were able to schedule 908 of the requests. Some requests had to be denied because the student had not met the pre-requisites for the class. The pre-requisites are based on our knowledge of what a student must already know in order to be successful in the training class. Please pay strict attention to the pre-requisites before requesting that we enroll a student.

Question: Why do you charge \$100.00 for staff who do not show up for classes? Does it help in minimizing the number of unused spots in the classes?

Answer: The \$100 is for exactly that purpose. It minimizes the number of students who do not come to class without a valid reason. Our no-show numbers are way down from before we began charging.

Question: Can we send a substitute to class?

Answer: Yes, but the substitute should be the same class code as the registered student and meet the pre-requisites for the class.

Question: If we know our person cannot come to class, what is the process?

Answer: You should call the trainer as soon as you know, 5 days in advance is our policy, so that we can try to fill the vacancy. As noted above, training class space is at a premium and a wasted spot just means that someone did not receive training.

**STATE CONTROLLER'S OFFICE
PERSONNEL/PAYROLL REVIEW COMMITTEE NOTES
JANUARY 2006**

Pat Quinn, Manager 21st Century Project, gave an over view of the status of the procurement process. We have selected the software product SAP and have signed an interim agreement. The software met the over 600 business requirements that were identified in the Request for Proposal. We were also able to sign an interim agreement so that payment is not due until a System Integrator (SI) has been selected and secured.

We are currently working to select the project's SI. The SI will work with the software vendor and SCO project team to configure the system. The SI also proposes staffing and works with the project team on system technology, project plans, conversions strategies, system interfaces, organizational change management, rollout strategies, training, etc. through the life cycle of the project.

We have met with the potential vendors, have completed confidential discussions, reviewed draft proposals and provided feedback. We're currently in the process of reviewing final proposals. A selection of the System Integrator is anticipated for February 2006. A final agreement is expected to be signed in April 2006.

Our last department stakeholder meeting was held in September 2005. We anticipate our next meetings to be held in June 2006. The next sessions will provide us an opportunity to cover information on the software and system integrator and address plans for organizational change management, rollout strategies and department participation. When scheduled, these sessions will be advertised via an email announcement and enrollment information will be placed on the 21st Century Web site.

The 21st Century Web site has been redesigned to make information more accessible. A new page on Communications and Organizational Change Management has been added. The addition of Questions and Answers has been completed and updated. We have also added a page on project Career Opportunities where job opportunities for the project team have been added. Please visit us at www.21stCentury.ca.gov.

SCO Update:

W-2 REMINDERS for TAX YEAR 2005

W-2 Mailing Date: W-2s are being mailed January 12 and 13, 2006

W-2s with no Address: W-2s with no address are being mailed to the Transaction Supervisor. There were 45 W-2s without mailing addresses for Civil Service employees.

Please do not refer your employees to our office to verify their mailing address for W-2s. This information is considered confidential, protected in the same manner as Social Security numbers and we cannot verify it over the phone.

No Fee Duplicate W-2: March 3, 2006 is the cut off date for you to request a duplicate W-2 on behalf of your employee and also request that we waive the normal processing

**STATE CONTROLLER'S OFFICE
PERSONNEL/PAYROLL REVIEW COMMITTEE NOTES
JANUARY 2006**

fee. Those requests should only be for non-receipt of a 2005 W-2 after you have verified that the mailing address is correct.

All payroll warrants that should be returned for redeposit should be returned immediately. If the warrant was issued in 2005, the redeposit will generate a W-2C. If you know a W-2C will be generated, let the affected employee know as well.

See the following Payroll Letters for more information on the annual W-2 process:

05-017, dated October 20, 2005 regarding direct mailing of the W-2s

05-020, dated November 17, 2005 regarding detailed information of what is included on the W-2

06-001, dated January 9, 2006 regarding View Direct listings of the employee addresses and billing

IMPORTANT INFORMATION FOR FEBRUARY 2006

Please pass on to your Accounting offices that due to the February 2006 holidays, the forms **STD. 676P and 676V are due no later than February 9, 2006** for the related mandatory deductions to be applied to the February master payroll.

Annual Tax Exemption Letters were mailed to the Transactions Supervisors the last week of December 2005. There were 13,065 civil service employee letters. Effective February 17, 2006, the exemption from withholding will expire unless renewed. The deadline for keying these is February 4, 2006. We also sent you a listing of those employees currently exempt from withholding. To assist you, we added the last 4 digits of the SSN to the letters and the listing. For questions, contact Chris Knutson, Tax Support Section at (916) 322-8112.

Disability Document Processing: Please FAX any documents you are submitting for end of month processing a few days before Master payroll cut-off. This allows time for us to audit and work the documents. We have our new-dedicated Disability FAX machine in place now. The number is (916) 327-7205.

Disability Payments: Please note that you cannot key any disability payments for employees in TP, TK or TR retirement plans. You also cannot key any disability pay if the employee has VPLP locked in to their pay. All disability pay for these employees must be sent to PPSD for processing.

IDL/S Pay Restrictions: IDL/S must be reduced by SDI and premiums locked into the salary that are not subject to retirement. These conditions require manual calculations and we encourage you to call our Disability Liaison Unit at (916) 322-3619 for help with these calculations. The IDLS calculator is being modified to include SDI and premium pay calculations and we anticipate having the new calculator available by the end of February.

**STATE CONTROLLER'S OFFICE
PERSONNEL/PAYROLL REVIEW COMMITTEE NOTES
JANUARY 2006**

Voice Mail Reminders: When you have to leave a voice mail message for one of our liaison units; please speak slowly and clearly while leaving the Social Security number your name and phone number. Please also leave a summary of your issue.

PARS to be FAXED: Please FAX PARs in two pieces rather than try to shrink the PAR to fit the FAX paper size. We cannot read the information in the line 10 if it is reduced. Please be sure that the signature and line 10 are clear when you FAX.

Faxing Documents: Do not call and ask us to verify that a FAX document reached us. The FAX machines are in central locations and not near our work areas. You should receive a confirmation from your FAX that tells you the success of your transmission and the number where it was sent.

PARs More Than 3 Years Old: Remember to consider the Statute of Limitations when processing a PAR changing salary rate more than 3 years in the past. Currently, the Statute of Limitations has expired for pay periods prior to February 2003. A new Date of Entitlement is necessary for any PAR or payment prior to that time. DPA, SPB, the courts or other control agencies can issue a new Date of Entitlement. It is the department's responsibility to have the appropriate documentation on file. For example, appointments or range changes in a deep class must have SPB authorization. This date must be posted in item 215 on the PAR. If item 215 is not available on your PAR then you must post a 215 transaction next to the transaction where item 215 would not open. See PAM Section 2.36 item 215.

Direct Deposit: There is some confusion on the difference between a Strip, Cancel and Reversal. Please use care when making a request to the Direct Deposit Unit so that we can perform the correct action.

- A Strip removes a payment from the Electronic Funds Transfer process and results in a redeposit on pay history. A Strip can only be used for payments before 11 AM on the day they are issued. A Strip does not change the employee's Direct Deposit enrollment status.
- A Cancel takes the employee off Direct Deposit and future payments will issue on paper warrants. A Cancel does not remove any previously issued payments from the Electronic Funds Transfer process.
- A Reversal is done when a problem is discovered after 11 AM on the issue date of the payment. The financial institution is asked to return the funds to SCO. However, there is a 5-day negative-response waiting period for the financial institution to reject the reversal. Once the funds are returned a redeposit is done.

You must initiate the reissue of any pay that is stripped. Either a PAR that shows time, a PIP transaction or a 603 will create a payment. If your situation does not call for either of these, you must request that PPSD reissue the pay. In some cases this will require a 674.

S70 with Payment Deferred to the New Year: You must send in the corrected PARs by the 15th of January (this year the 17th due to the holiday weekend). Do not hold these corrections.

**STATE CONTROLLER'S OFFICE
PERSONNEL/PAYROLL REVIEW COMMITTEE NOTES
JANUARY 2006**

Separation Item 606: We see many separations effective at the end of the month where time in Item 606 indicates "Non". This is almost always an error. Item 606 should show the correct time the employee is entitled to in the pay period, not time still due to be paid. We will call or send a PR250 on these but this error can delay processing of lump sum pay.

Cut-Offs: Please note and abide by our various cut-off dates and times. These are established to allow time for our staff to complete various workloads in a timely manner. If we consistently try to process late arriving documents, we risk missing deadlines. For example, Garnishment cutoff is noon on Master Payroll Cutoff. We are still receiving and trying to process forms at 5 pm.

Position Control: You should work your periodic position control reports as they come in to save yourselves a lot of work. You can clean up issues a lot better when they first occur rather than trying to go back and reconstruct a whole year.

Open Enrollment: Open Enrollment is finished for the year. It was a hard year for us; we were short staffed and also had some system related problems. Also, we returned over 1000 documents for errors. Please make sure you perform a complete audit before submitting the documents to SCO.

Account Receivable Changes: We have implemented our new Account Receivable process. We will be suspending employment history messages that indicate a probable overpayment for 3 weeks. If at the end of that time the overpayment condition has not been rectified, we will establish the AR as agency collection. You can still send STD. Form 674AR if you know your employee is overpaid and establish whatever collection method suits your employee. If you want to change the method of collection on the ARs we establish, simply send a 674AR requesting the method change.

Searching the California Personnel Office Directory (CPOD):

SEARCH FUNCTION

You may search for an entry in the CPOD by selecting the specific item (e.g., employee name, agency code, department/campus name). Searching for the agency code may be the easiest to find. Go to the CPOD home page:

1. Click on word "SEARCH" in the choices displayed.
2. In the text box enter the data that you would like to locate and click on "Search."
3. The search results will provide all the instances of the criteria used in the SCO website. The "Description" will indicate which of the instances displayed is the one for the CPOD entry. For example:

California State Controller's Office

Description: California State Controller's Office - California Personnel Office Directory

URL: http://www.sco.ca.gov/ppsd/cpod/civil_svc/c/sco/0540_sco_hr.shtml

**STATE CONTROLLER'S OFFICE
PERSONNEL/PAYROLL REVIEW COMMITTEE NOTES
JANUARY 2006**

Once you have used the search capability a few times it will be much easier for you to differentiate CPOD results from other choices. CPOD results will always have the appearance of the example above. If there are multiple CPOD choices, you can differentiate by clicking on them one at a time then using the BACK button to return to the search results.

Questions/Answers:

Question: Our office completes two copies of the 672, one for our records and one as a record of PIP keying. Who should sign the 672 we maintain as a PIP record?

Answer: SCO does not receive a copy of the 672 any longer. The 672 is an official document that the agency is required to maintain in their records. The signature should be a person who has signature authority so that an auditor would be satisfied that proper procedures were followed.

Question: Can we key via PIP the R&R pay for our PSS staff in the January pay period?

Answer: This can be done as long as the PIP batch is not processed prior to 30 days after the close of the December pay period.

Question: Is an employee entitled to a prorated amount of R&R if they retire?

Answer: An employee is not eligible for R&R unless they have worked 12 consecutive months prior to the separation date. If an employee's R&R eligibility period begins in January and ends in December, the only way an employee would be eligible for R&R is if the separation is effective at the close of the December pay period.

Question: Why does the separation have to be effective at the end of the pay period?

Answer: This is the way the DPA interpreted the contract language and how the Pay Differential documentation is written.

Question: Where can I get information on the R&R for PSS staff?

Answer: In the Pay Scales, Section 14, Pay Differential 240 and in our annual Payroll Letters concerning this issue, which are issued each year in January.

Question: Is an employee eligible for R&R if on a T&D assignment?

Answer: No. An employee is not entitled to R&R if they accept a T&D assignment either to the PSS classes or from the eligible PSS classes. See Payroll Letter 06-002 under General Information.

Question: When we have an employee separating and we send in a S70C in January to pay the balance of the lump sum, does your staff want to see the Savings Plus deductions for all the pay, or just the deductions for the balance of the lump sum to be paid?

**STATE CONTROLLER'S OFFICE
PERSONNEL/PAYROLL REVIEW COMMITTEE NOTES
JANUARY 2006**

Answer: You should show **all** the time but only the **balance** of the Savings Plus to be withheld.

Question: I sent in a Dental enrollment form after the 11-05 Master cutoff with an effective date of 1/1/06. It was processed in December and took both the deduction for December and November arrears. The employee still had coverage from her spouse for the November pay period and did not want to pay again for that month. Why did this happen?

Answer: We apologize if we made this error. We suggest in the future that if you want benefits to come out of a future month, do not send the document to us until the correct time frame for establishing the deduction. We do not have the ability to keep documents in suspense for future pay periods.

Question: Do we have any information on PAR documentation when the employee is working while on SDI?

Answer: There will be something available in April.

Question: Can we FAX garnishments prior to 2 days before cutoff?

Answer: Yes, but if you have time to mail them that is what we would prefer. However, if you have a garnishment that needs to be processed and it is more than 2 days before cutoff, then please do FAX it sooner rather than holding it until 2 days before cut off. Our FAX machines get extremely busy in those last couple of days before cutoff and if the queue is full no more can be taken in until the queue is shorter.

Next Meeting:

The next Meeting is Thursday March 9, 2006 from 1:30 to 3:00 at:

State Controller's Office
300 Capitol Mall, 6th Floor, Room 635
Sacramento, CA 95814

Listed below are the PPRC meeting dates for the 2006 calendar year. All meetings are from 1:30 to 3:00 at the above location.

Should you have any questions regarding the PPRC meeting or have additional information to provide, please contact either Pam Keegan at (916) 323-2539 or via e-mail at pkeegan@sco.ca.gov or Cindy Rounds at (916) 324-6290 or via email at crounds@sco.ca.gov.

May 11, 2006
July 13, 2006
September 14, 2006
November 9, 2006